



JAMES E. MCGREEVEY  
GOVERNOR

JACK LETTIERE  
COMMISSIONER

July 14, 2003

**VIA HAND DELIVERY**

Honorable Vernon A. Williams  
Secretary  
Surface Transportation Board  
1925 K Street, N.W.  
Washington, D.C. 20423-0001

Re: **Finance Docket No. 33388 (Sub-No. 91)**

Dear Secretary Williams:

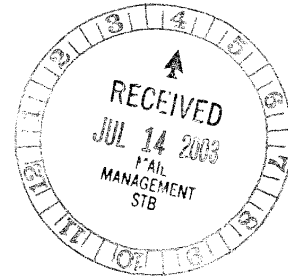
I am Commissioner of Transportation for the State of New Jersey. The Northern New Jersey region is the freight distribution platform for 18 million consumers in the New York/New Jersey/Connecticut metro area and a major freight port of entry for large parts of North America. Northern New Jersey has experienced dramatic growth in freight traffic over the last several years and the growth trend will continue for many years to come. NJDOT has a genuine interest in ensuring that the North Jersey Shared Assets Area ("NJSAA") thrives and provides all the public benefits anticipated and described in the Application to acquire control of Conrail filed by Norfolk Southern Railway Company ("NS") and CSX Transportation ("CSX") and approved by the Surface Transportation Board.

NJDOT has significant concerns about the current gap between the promise and the reality of the NJSAA.

STATE OF NEW JERSEY  
DEPARTMENT OF TRANSPORTATION

1035 PARKWAY AVENUE

P.O. BOX 601  
TRENTON, N.J. 08625-0601  
609-530-3535



208366

RECEIVED  
Office of Proceedings

JUL 14 2003

Part of  
Public Record

In their Application, CSX and NS anticipated many public benefits as a result of the NJSAA:

- CSX and NS claimed that NJSAA shippers would "benefit from extended single-line routing opportunities, improved service and increased competition..." (CSX/NS-119 at 22.)
- CSX and NS indicated that they would "compete vigorously for traffic in the NJSAA." (Id. at 8.)
- CSX and NS said the NJSAA Operating Plan took into account "increases in traffic from both truck-to-rail diversions resulting from the more efficient rail service made available by the transaction and traffic growth from new marketing opportunities made available by the transaction." (Id. at 141.)
- NS indicated that it would institute new intermodal and Triple Crown operations that would improve services to and from Northern New Jersey and provide a viable alternative to trucks in several service lanes. (Id. at 44.)
- CSX and NS indicated that both railroads would "invest heavily in capital improvements to their respective systems in order to assure that they have the necessary facilities to compete effectively" in the NJSAA market. (Id. at 9.)

Unfortunately, the public benefits anticipated by CSX and NS have not come to fruition. The NJSAA has not resulted in the promised pro-competitive effects. Many shippers have seen no increased competition, despite attempts by shippers and shortlines to facilitate competition.

NS has not used facilities in North Jersey to offer attractive and more competitive single-line services to domestic shippers. NS has opted-out of rail service in the NJSAA. NS has openly marketed its rail facilities outside of the NJSAA and has informed shippers of the higher cost of all-rail moves into and out of the NJSAA as compared to truck-rail moves. NS marketing efforts have increased truck traffic in Northern New Jersey.

CSX and NS agreed to provide and implement economic development plans to promote the development of rail traffic within the Port Authority of New York and New Jersey's Port District, which covers virtually all of the NJSAA. CSX and NS have yet to develop these economic development plans.

Honorable Vernon A. Williams  
July 14, 2003  
Page 3

I have informed NS and CSX of NJDOT's concerns regarding the NJSAA. NS and CSX do not share NJDOT's view of the gap between the promise and the reality of the NJSAA, but they have agreed to meet and confer with NJDOT over the next several months to discuss our concerns. Because of their agreement to meet, and our shared desire to resolve our differences outside of the Board process, NJDOT does not now seek any Board-imposed changes with respect to the NJSAA. However, if our discussions with NS and CSX are not fruitful, NJDOT will seek Board-imposed changes with respect to the NJSAA. I am pleased that the Board intends to continue general oversight for the full 5-year term. The Board's continued oversight will facilitate resolution of NJDOT's concerns through negotiations.

Respectfully submitted,

A handwritten signature in black ink, reading "Jack Lettiere". The signature is written in a cursive, flowing style.

Jack Lettiere  
Commissioner of Transportation

cc: Parties of Record